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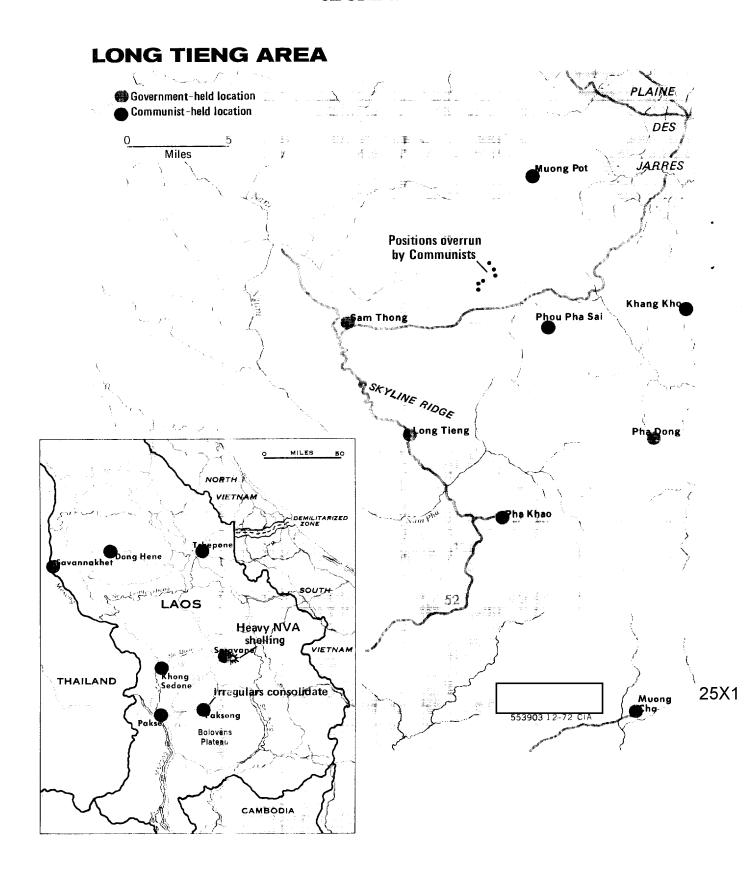
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LAOS: The North Vietnamese have broken the month-long lull in the north.

Company-size units of the North Vietnamese 174th Regiment, supported by moderate artillery and heavy weapons fire, on 9 December attacked three government irregular battalions in positions overlooking the enemy's principal access route to Sam Thong. The irregulars were supported by heavy artillery, but quickly withdrew after suffering some casualties.

In the south on 7 and 8 December, North Vietnamese artillery and heavy weapons fired some 2,000 rounds into Saravane, the provincial capital north of the Bolovens Plateau. The barrage caused few casualties among the well-entrenched defenders, and the government troops easily turned back a ground assault by three North Vietnamese battalions. On the Bolovens, other irregulars are taking advantage of the absence of enemy resistance to consolidate their hold on Paksong.

JAPAN-CHINA: Tokyo is taking steps to implement the agreement reached when Prime Minister Tanaka visited Peking in September.

A Japanese Foreign Ministry official told a US Embassy representative that the cabinet will issue an order on 15 December closing the Japanese Embassy in Taipei and authorizing the establishment of an embassy in Peking. The Japanese plan to open their embassy in Peking in a few weeks. Tokyo apparently decided on a cabinet order rather than Diet legislation to avoid an embarrassing debate between pro-Taipei and pro-Peking elements in the Diet.

This action will pave the way for serious negotiations on a variety of major issues beginning next year. The Chinese have made it clear that they would not begin detailed talks until both Taiwan and Japan had closed the embassies in their respective capitals. According to leaders of an official Japanese mission which just concluded preliminary talks in Peking, the first order of business will be discussions on an aviation agreement. Negotiations on a fisheries pact will begin around April; agreements on trade and credit matters may not be concluded for some time.

Tokyo is likely to continue its measured approach to broadening political and economic contacts with Peking. Many difficult problems remain to be resolved, especially in the area of trade and credits. The Tanaka government, having largely satisfied public opinion by formally establishing relations with China, is under no significant pressure to rush into agreements with the Chinese.

In the case of Taiwan, most difficulties have been ironed out, and the new non-official relationship is developing relatively smoothly. The officially inspired sense of outrage and bitterness in the Taiwan press has shifted to the positive theme of maintaining close relations with the Japanese people.

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THAILAND: The ruling military leaders plan a cosmetic restoration of constitutional government.

A number of senior Thai Government officials have told US Mission officers that the ruling National Executive Council (NEC) intends to terminate its existence on 21 December and promulgate an interim constitution. An earlier two-year experiment in constitutional government ended in November 1971, when the military establishment scrapped the Thai parliament and reasserted full control over the political process.

Although the government has been under no significant pressure to return to constitutional rule, both NEC Chairman Thanom and the King have felt uncomfortable outside the mantle of constitutional legitimacy. The government has been publicly promising a new constitution since last spring. Its promulgation, however, has been delayed because of disagreements over the distribution of power and positions within a new regime and NEC Deputy Chairman Praphat's reluctance to relinquish martial law powers. Praphat, who has measurably strengthened his position over the past year, apparently has now dropped his objections.

A new constitutional framework for the Thai Government will not significantly loosen the military's grip on political power. The new interim constitution reportedly provides for a unicameral parliament made up in large part of military appointees. The new cabinet will incorporate much of the present NEC membership, and civilian participation promises to be minimal.

NORWAY-EC: Oslo has formally presented a memorandum to the EC outlining its views on a free-trade agreement. The government hopes to gain some of the economic benefits of EC membership, rejected by the electorate in a referendum in September.

The government began exploratory talks with the EC in November about a trade agreement similar to those reached with Iceland, Sweden, Austria, Finland, and Switzerland. Like these accords, Norway is proposing the gradual mutual elimination of tariffs on industrial products by 1 July 1977. way hopes that the EC will minimize the number of goods it has considered to be ineligible for general tariff reduction. Such products include paper, paper products, and non-ferrous metals, which together comprise about 25 percent of total Norwegian exports; industries producing these products play a vital role in Norwegian regional and employment policies. Norway also wants generous special provisions for fish and fish products, such as those granted Iceland. In addition, Norway would like a consultative arrangement for questions pertaining to shipping, a major Norwegian industry.

Although formal negotiations will not begin until next year, Norway hopes to conclude the agreement in time to start tariff reductions on 1 April 1973, the same date scheduled by the other five countries.

NOTE

LEBANON-FEDAYEEN: Another brief clash between Lebanese Army units and Arab guerrillas occurred late on 9 December in the wake of the previous day's fighting, but a cease-fire has now apparently been worked out. Fighting last Friday, which grew out of guerrilla attempts to infiltrate into areas in southern and southeastern Lebanon forbidden to them by the government, resulted in the death of two Lebanese soldiers and the wounding of five others. The guerrillas admitted to four dead and five wounded. One guerrilla was killed in Saturday's clash. Lebanese Army spokesmen have indicated that the guerrillas were withdrawing from all the forbidden areas. The spokesman indicated that any future attempts would be as vigorously opposed.

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